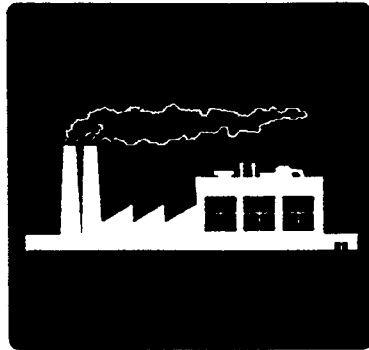


**NAVFAC P-95
SEPTEMBER 1995**

APPROVED FOR PUBLIC RELEASE



CIVIL WORKS CONTRACT ADMINISTRATION

**DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA, VA 22332-2300**

FORWARD

When the Navy finances the construction of a facilities to be operated by a contractor, the construction is termed "civil works." This publication covers the administration of civil works subcontracts and provides guidance on approved practices and procedures for building and maintaining civil works of the Navy.

Civil works requirements and terms are presented and defined here. The authority, as well as the responsibilities of NAVFACENGCOM, the sponsor command, and the field activities are outlined. Procedures for initiating projects are explained. Pre-contract and post-contract actions by the commands involved are enumerated. Guidance is provided concerning various actions from the initiation of a project until completion and custody is transferred to the sponsor command.

Suggestions for improvements should be forwarded to the Commander, Naval Facilities Engineering Command. This publication is certified as an official publication of NAVFACENGCOM.

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Section 1. POLICIES, DEFINITIONS, AND RESPONSIBILITIES

1. **PURPOSE.** The purpose of this publication is to identify the role of the Naval Facilities Engineering Command (NAVFACENGCOM) regarding civil works projects, and to assist command and field personnel in the administration of contracts concerned with civil works.
2. **SCOPE.** This publication defines civil works terms, policies, and responsibilities, and discusses the roles of NAVFACENGCOM and sponsor commands.
3. **CANCELLATION.** This publication cancels and supersedes Civil Works Contract Administration, NAVFAC P-95, issued October 1980.
4. **REFERENCES.** Publications and instructions that will be helpful in using this publication are:

Navy Acquisition Procedures Supplement (NAPS)
NAVFAC P-68 Contracting Manual
NAVFAC P-329, Policy Reference Book
NAVFAC P-445, Construction Contract Quality Management
MIL Handbook 1006/1, Policy and Procedures for Project
Drawing and Specification Preparation
SECNAVINST 4862.8A, Acquisition and Management of Industrial
Resources
NAVFACINST 4862.5C, Industrial Facilities Acquisition Projects
Which Involve complex Processes of
Hazardous/Toxic Materials
NAVFAC MO 322, Volume I, Inspection of Shore Facilities
DM 38.01, Weight Handling Equipment

5. **DEFINITIONS.** The terms used in this publication are defined as follows:

APPROVAL - Unless stated otherwise the term "approval" is used to express "favorable opinion of" or "acceptance as satisfactory or adequate" rather than "formal" or "official" sanction.

CIVIL WORKS - Includes government financed construction, and related design, at government owned-contractor operated (GO-CO) facilities and jointly owned-contractor operated (JO-CO) facilities performed by a contractor which would be military construction if construction was performed at a Naval Shore activity. Such construction includes capital-type rehabilitation and facility improvements, usually to industrial plants, enabling the manufacturers (prime contractors) to accomplish specific government production orders and maintain the facility in a readiness state. "Civil works" also encompasses construction for research and development projects at educational institutions.

CONSTRUCTION - The term "construction" embraces improvements as well as repairs. The basis for this definition is Federal Acquisition Regulation (FAR) Subpart 36.102 which defines "construction" as follows:

"Construction" means construction, alteration, or repair (including dredging, excavating and painting) of buildings, structures, or other real property. For purposes of this definition, the terms "buildings, structures, or other real property" include, but are not limited to, improvements of all types such as bridges, dams, plants, highways, parkways, mains, streets, subways, tunnels, sewers, power lines, cemeteries, pumping stations, railways, airport

facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, and channels. Construction does not include the manufacture, production, furnishing, construction, alteration, repair, processing, or assembling of vessels, aircraft, or other kinds of personal property.

ENGINEERING FIELD ACTIVITY (EFA) - A NAVFACENGCOM organization which provides product and service support to customers within a defined geographic area.

ENGINEERING FIELD DIVISION (EFD) - A NAVFACENGCOM organization which is the primary fleet and command structure interface point.

FACILITIES-USE CONTRACT - A facilities-use contract is a contract under which industrial facilities are provided by the government to a contractor, or subcontractor, for use in connection with the performance of a separate contract, or contracts, for supplies, services, or military hardware.

FACILITIES CONTRACT - A facilities contract is a contract between a Navy sponsor command and a contractor for capital-type rehabilitation, improvements or replacement of industrial facilities and equipment. When the facilities contract includes design or construction of civil works, it will include a clause designating the Commander, Naval Facilities Engineering Command, as the authorized representative of the sponsor command with respect to those items of civil works (see NAPS Clause 5252.201-9000).

CIVIL WORKS SUBCONTRACT - A civil works subcontract is the primary means of accomplishing the construction of civil works authorized in the facilities contract. These contracts are prepared, advertised, and awarded by the prime contractor under the technical guidance of NAVFACENGCOM. The latter is responsible for reviewing the proposed subcontract for technical adequacy, ensuring that applicable legal requirements have been satisfied, and that the work will meet Navy requirements. The subcontract should be awarded on the basis of bids received from a publicly advertised invitation for bid; however, established industry standards and practices may be used.

NAVFACENGCOM CONTRACT - This is a prime contract between NAVFACENGCOM and an architect-engineer (A-E) and a construction contractor for design, construction, alteration, or repair of facilities. This contract does not involve the operation of the plant.

PRIME CONTRACTOR - The prime contractor is the contractor selected by the sponsor command to operate a Navy Industrial Facility, usually in conjunction with a production contract. The plant facilities are made available to the prime contractor under a facilities-use contract, or a lease, which prescribes the prime contractor's operation and maintenance responsibilities, and NAVFACENGCOM's role as the representative of the sponsor command with respect to civil works.

RATED CONTRACT - A prime contract, subcontract, or purchase order used in support of a program approved for priorities and allocations support under the Defense Production Act and issued in accordance with provisions of the Defense Priorities and Allocations Systems (DPAS) regulation (15 CFR 350). Orders are identified by a priority rating consisting of the rating "DX" or "DO" and a program identification symbol. Rated orders take preference over all unrated orders as necessary to meet required delivery dates. Among rated orders, DX rated orders take precedence over DO rated orders. Program identification symbols indicate which authorized program is involved with the rated orders.

SPONSOR COMMAND - Sponsor commands are Systems Commands (SYSCOMS) and Assistant Secretary of the Navy designated Project Managers involved in the procurement of major items of military hardware.

6. **AUTHORITY.** NAVFACENGCOM has been assigned overall administrative responsibility in the civil works area by the Secretary of the Navy. Consequently, NAVFACENGCOM serves as an advisor to other Navy SYSCOMS. NAPS Subpart 5201.601-90(b) identifies the following specific responsibilities regarding the design and construction of civil works.

a. For civil works contracts over \$2,000, NAVFACENGCOM will obtain from the Department of Labor the determination of prevailing wages which must be included in the contract/subcontract.

b. Approve selection and compensation of an architect-engineer.

c. Approve the selection and fee of a general building contractor.

d. Consent to the placement of any subcontract for civil works.

e. Approve any plans or specifications.

f. Approve major alterations or increased costs.

g. Provide inspection, supervision, administration of the terms of the contract/subcontract and acceptance of performance.

h. Monitor compliance with labor standard requirements.

i. Order or approve changes relating to civil works.

j. Maintain cognizance of all matters relating to the acquisition of real property.

k. Approve each proposed subcontract for utility services at any GO-CO facility when the cost of utility services is to be reimbursed by the Navy.

7. **ROLES OF PARTIES INVOLVED WITH CIVIL WORKS CONTRACTS.** The contracting officer of the sponsor command is ultimately responsible for civil works subcontract actions. NAVFACENGCOM's role as an advisor is to provide the sponsor's contracting officer with professional technical knowledge and contractual guidance related to design and construction practices and procedures.

a. Sponsor Command:

(1) Responsible for justifying and obtaining approval of civil works construction and for defining the scope of the civil works contract. This includes the size of the facility and its capacity, operating features and characteristics, and completion dates. EFD/EFA technical and cost estimate reviews and comments are required on all proposed projects over \$25,000.

(2) Ensure that solicitations and contracts include NAPS Clause 5252.201-9000, Civil Works - Delegation to Naval Facilities Engineering Command. Provide NAVFACENGCOM HQ Code 1335 with a copy of the facilities contract upon award.

(3) Retain contracting officer authority over the civil works contract. Consultation with NAVFACENGCOM appointed representative is required in the areas described in 7. above.

(4) Fund NAVFACENGCOM supervision, inspection and overhead (SIOH) costs. Funds should be provided by Project Order (NAVCOMPT Form 2275) fund document and submitted to the EFD/EFA responsible for the civil works plant. The SIOH rate will be the percentage amount applicable to the Navy Military Construction (MCON) program on the date the facilities contract is executed. Funding will be in the amount of the SIOH rate applied to the cost of the civil works portion of the prime contract. When all on-site inspection is performed by the prime contractor, the sponsor command should allot three (3) percent in lieu of the SIOH rate for contract administration costs.

(5) Responsible for the procurement and installation of machinery, machine tools, production equipment, office equipment, and similar items. NAVFACENGCOM does not have cognizance over this property unless specifically authorized by the sponsor command [see NAPS Subpart 5201.601-90(b) (5) (iii)], but will provide assistance when feasible.

b. Prime Contractor: The civil works subcontract places NAVFACENGCOM as a third party between the prime contractor and the A-E, or construction subcontractors. The prime contractor is vitally concerned with the selection of the subcontractors. He has a definite responsibility for their performance even though the subcontract provides that others may approve the design, consent to award, inspect the work, and in other ways, influence or control various aspects of the work.

c. Officer in Charge of Construction (OICC): The OICC is responsible for operations in the field. The functions of the OICC include, but are not limited to, the following:

(1) Review pricing documentation to ascertain if charges placed against the contract are reasonable and proper.

(2) Ensure that the design and construction procedures are adequate for the end use; that they conform with sound engineering practices/general industry standards; and that they are economical, practical, and consistent with the end use.

(3) Ensure that design and construction procedures conform to the NAVFACENGCOM design criteria in the areas of structural design and life safety (e.g., fire protection).

(4) Ensure that the project remains within the scope outlined by the sponsor command.

(5) Inspect the facilities being constructed to assure compliance with drawings and specifications.

(6) Approve the contractor's request for payment.

(7) Ensure that subcontract provisions meet all legal requirements.

(8) Ensure that utility contracts conform to the limitations found in Part 41 of NAVFAC P-68. The contracting officer of the sponsor command shall submit a copy of each proposed subcontract for utility services which is to be reimbursed by the Navy to the EFD/EFA prior to execution by the prime contractor.

(9) Provide assistance, when required, to all prime contractors in the negotiation and preparation of subcontracts for utility services to assure consistency with NAVFACENGCOM procedures for utility contracts.

d. Resident Officer in Charge of Construction (ROICC): When the Commander or Commanding Officer of an EFD/EFA is appointed OICC, a ROICC may be designated to represent the OICC at the site of construction. NAVFACENGCOM HQ, the sponsor command, including the contracting officer, and representatives of the sponsor command at the plant (Navy Plant Representative and/or Defense Contract Administration Services Office) shall be advised of the appointment and address of the ROICC and any subsequent changes. To permit uninterrupted progress during design, advertising, award and construction, the OICC should delegate to the ROICC all possible authority within the ROICC's capabilities. This delegation includes, but is not limited to, approval of plans and specifications, oversight of bidding procedures, consent to award and review and approval of modifications which could include change orders within limitations prescribed by the OICC. (See NAVFACINST 4862.5C and NAVFAC P-68.)

Section 2. NEGOTIATIONS AND LIMITATIONS

1. DATA FROM SPONSOR COMMAND. Detailed information on proposed civil works projects must be furnished by the sponsor command to the EFD/EFA. At the request of the sponsor command, the EFD/EFA will provide any assistance required during the sponsor command's project development negotiations with the prime contractor.

2. PRE-CONTRACT ACTION. NAVFACENGCOM will provide technical advice to the EFD/EFA concerning proposed plant sites, appraisal and title evidence prior to submission of the project to higher authority for approval.

3. POST-CONTRACT ACTION. The sponsor command will provide a copy of the contract to be administered to the EFD/EFA, and inform them whether the facility is to be constructed by the prime contractor, or constructed by transfer of funds to NAVFACENGCOM. Copies shall be furnished to NAVFACENGCOM.

4. PROJECT LIMITATIONS. The scope is defined, usually in some detail, by the sponsor command prior to authorization of the project. Facilities not included in the scope shall not be provided without appropriate authorization and increased funding. If the OICC considers the scope insufficiently defined, or if there is doubt about an item of construction, clarification should be requested from the sponsor command before continuing with the project.

5. COST ESTIMATE. The cost of the project is estimated and verified by the EFD/EFA via NAVFACENGCOM before submitting to higher authority for approval.

a. Insufficient funds. If, after work progresses, it becomes evident insufficient funds exist in the Prime contract to complete the work. the OICC shall notify the sponsor command in writing with copies to the prime contractor, the EFD/EFA and NAVFACENGCOM. Likewise, the prime contractor shall notify the sponsor command if it appears funds will be insufficient to complete the work.

b. Reimbursement. Reimbursement to the prime contractor will be made in accordance with the terms and conditions contained in the contract. Reimbursement cannot exceed the monetary limitations stated in the prime contract.

Section 3. DESIGN AND CONSTRUCTION

1. DESIGN FLEXIBILITY. A plant or factory, and any modifications and additions, should be designed to provide the maximum amount of flexibility consistent with its primary function. Electrical; water supply, and other utility and building systems should be designed so that the plant can be deactivated by decrements as production levels decrease. The design also should anticipate that the use of a plant or factory ultimately may vary from that

originally contemplated. Location and layout of utilities should allow for the relocation of production machine tools and equipment with ease and economy.

2. DESIGN PRINCIPLES. The general principles governing the preparation of designs and specifications for civil works construction are as follows:

a. Economical standards shall be paramount, and shall be consistent with functional requirements in both initial cost and future maintenance.

b. Elimination of prohibited and critical materials shall be in conformance with directives of NAVFACENGCOM and the Navy.

c. Utility generation facilities shall not be constructed if the purchase of utility services is economically sound.

d. Planning and construction shall emphasize and provide for good safety practices.

e. A civil works subcontract may be used to erect temporary structures if the structures are of a minor or secondary nature and are required for the duration of an emergency but not for peacetime operation. Maintenance of the structure is not justified under civil works when the facility is put in an inactive status.

f. Construction shall be accomplished with maximum conservation of manhours, materials and energy.

g. Industrial plants and components, i.e., cranes, electrical switchgear and environmental protection and energy conservation equipment, will be designed and constructed in conformance with applicable federal, state, and local codes to ensure maximum flexibility and in order that fair value may be obtained in event of sale of the plant to private enterprise (see NAVFAC P-329, Policy Reference Book).

3. PRIME CONTRACTOR'S INTEREST. The prime contractor is concerned that the design will be functional, and that construction will have minimum impact on production. In the case of a JO-CO plant, he is also concerned with the extent to which the new facilities can be separated from privately owned facilities at the termination of their usefulness. These interests must be given consideration in the development of the design.

4. ENGINEERING STANDARDS. NAVFACENGCOM engineering standards for design and preparation of drawings and specifications should be followed as a guideline. The OICC/ROICC may authorize modification in the NAVFACENGCOM standards to permit the A-E subcontractor or the prime contractor to use other established standards and practices which are appropriate for the type of work being done, provided that requirements of law, sound engineering practice and economy are observed.

5. DRAWING REQUIREMENTS AND APPROVAL. All drawings, whether for alterations or new construction, shall bear a NAVFACENGCOM Drawing Number. In addition, a standard title block for civil works drawings shall be provided as prescribed in MIL Handbook 1006/1. All drawings shall be signed to indicate approval by both the prime contractor and the OICC or ROICC for the Commander, NAVFACENGCOM.

6. FIRE INSURANCE RATE FEATURES. The cost of fire and allied insurance during the outlease of industrial reserve plants when not required for Navy purposes is part of the operating expense that is considered in negotiating the lease. Rates for fire allied insurance are established by the insurance rating bureau that has jurisdiction over the area in which the work is to be constructed. The EFD/EFA,

OICC, or ROICC, in reviewing the drawings and specifications for the work, should obtain the concurrence of the proper insurance rating bureau in the proposed fire prevention and protection features to obtain the lowest possible insurance rates consistent with the funds available for provision of these measures. When representatives of the insurance rating bureau or fire underwriter inspectors visit the plant, the ROICC should arrange to have an EFD/EFA fire protection engineer present.

Section 4. ADMINISTRATION OF CIVIL WORKS CONTRACTS

1. POLICY. It is NAVFACENGCOM policy to permit EFDs/EFAs to exercise maximum discretion in the administration of civil works subcontracts, because requirements and procedures of sponsor commands vary. In addition, prime contractors generally follow the contracting procedures used in private sector construction. Flexibility in administering and scheduling subcontracts is necessary since the prime contractor operates the facilities both during and after construction. Therefore, coordination with the prime contractor should carry considerable weight in providing the facilities.

2. CONTRACT CATEGORIES. The method of contracting to accomplish the design and construction of the civil works projects is usually determined by the sponsor command during peace time and is a result of coordination with NAVFACENGCOM under emergency conditions. Contracts for the design and construction of civil works fall into two categories: those awarded by NAVFACENGCOM, and those accomplished under a facilities contract awarded by the sponsor command. The former are usually peculiar to emergency and war mobilization conditions, and the latter to peace time conditions.

3. BASIC PRINCIPLES.

a. Each civil works project which has been incorporated into the facilities contract must be analyzed in relation to the entire facilities use contract; the prime contractor's general business policies and his administrative experience in construction contracts; and the contract cost principles set forth in FAR and the Department of Defense Federal Acquisition Regulation Supplement. All procedures required to ensure adequate OICC review should be prepared in cooperation with the prime contractor and be limited to necessary administrative actions.

b. Civil works construction pursuant to a facilities contract may not be administered in the same manner and under the same directives as those pertaining to construction pursuant to a NAVFACENGCOM contract. Therefore, NAVFAC P-68 applies to a facilities contract only when specifically cited in this publication.

4. OICC/PRIME CONTRACTOR RELATIONSHIPS.

a. An important factor in civil works construction is to meet the prime contractor's production schedule as established by the sponsor command in the production contract. The OICC relies on its experience in construction contract administration and technical background to guide the prime contractor in considering this factor. The prime contractor may not recognize the effect of NAVFACENGCOM's civil works responsibility on the construction schedule. The prime contract states in part, "Approval of the Naval Facilities Engineering Command shall include...". The prime contractor should be specifically informed that prior approval of any action is required. Prior approval requires coordination and a complete exchange of ideas about what the prime contractor desires and what the OICC can support. Such a relationship promotes cooperation

throughout the project.

b. Professional, administrative, auditing, accounting, technical, or clerical personnel employed by the OICC/ROICC shall not be carried on the payroll of any contractor or subcontractor.

c. Inspection may be accomplished by both the prime contractor and/or government inspectors. Inspection of construction accomplished under a civil works subcontract may be performed, at the discretion of the OICC, by either civil service inspectors on the personnel rolls of the OICC, employees of the prime subcontractor, or employees of an A-E subcontractor. Any inspector, regardless of category, shall provide an inspection report to the ROICC. Construction Representative Reports may be made available for the prime contractor's use. Those sections of NAVFAC P-68 and NAVFAC P-455, Construction Engineering Handbook, concerned with inspection may be applied to civil works contracts at the discretion of the OICC. An early conference between the ROICC and the prime contractor should be arranged to define inspection functions and responsibilities. The presence of a Navy inspector should be arranged where quality or workmanship cannot be determined by subsequent inspection or where rejected work cannot be removed easily. If the contractor or his subcontractors desire to work outside of regular working hours, they should submit a request to the ROICC, allowing ample time for arrangements to be made for Navy inspection of the work, when required.

5. AWARD OF SUBCONTRACTS. OICCs are authorized to approve for award by the prime contractor only advertised firm fixed-price A-E, construction, and supply subcontracts for civil works. Any other method of contracting must be referred to NAVFACENGCOM.

a. Firm fixed-price A-E subcontracts: The prime contractor is not required to follow the formalized slate and selection procedures required for NAVFACENGCOM A-E contracts. The OICC does, however, have the responsibility to approve the A-E who has been selected by the prime contractor, and concur with the price determination when the award amount is \$200,000 or less. The award and contract price determination must be approved by NAVFACENGCOM if the price is more than \$200,000. The qualifications of the selected A-E subcontractor should be thoroughly investigated before approving the selection. If the OICC concludes that the proposed A-E subcontractor is not qualified, the prime contractor should be so advised informally. Should the prime contractor resubmit or insist on retaining a selection not acceptable to the OICC, the matter should be referred to NAVFACENGCOM Code 11.

b. Firm fixed-price construction subcontracts: Firm fixed-price construction subcontracts may be publicly advertised, or issued to firms on a selected bidders list. If a selected bidders list is used and the prime contractor wishes to amend it, the prior concurrence of the OICC should be obtained. Bid openings should be held in the presence of the OICC and the prime contractor. At the time fixed for the opening of bids, the contents of the bids will be made public. Information regarding the qualifications of the low bidder shall be obtained by the prime contractor. The award of a fixed-price construction subcontract by the prime contractor to the lowest responsive, responsible bidder may be approved by the OICC without referral to NAVFACENGCOM. The latest NAVFACENGCOM published format "Lump Sum Construction Subcontract for Civil Works" shall be used for construction subcontracts. The contract shall include performance and payment bonds as required by FAR Subpart 28.102.

c. Long lead time materials and equipment: To avoid construction delays the prime contractor may elect to order long lead time materials and equipment early in the design stages of the project. When the OICC receives, a request for

approval of such action, the OICC shall, with the sponsor's assistance, investigate the supply contract procedures of the prime contractor.

6. FUNDS. The ROICC and the sponsor must keep each other advised at all times of the status of funds to be expended, commitments to be made, and any other financial matters that may result in the cost. limitations of the subcontract(s) to be exceeded. The prime contractor shall not allow the total expenditure and commitment for each civil works item in the facilities contract to exceed the amount authorized by the sponsor command for that item without first referring the matter to the contracting officer of the sponsor command. NAVFACENGCOM will notify the EFD/EFA, upon advice from the sponsor command, of any additional funding authorizations.

7. APPROVAL OF INVOICES. The ROICC must concur with all invoices, payrolls, or other statements of expenditures supporting requests for payment submitted to the prime contractor by a subcontractor under a civil works subcontract. The ROICC must not prepare or certify public vouchers for payment if they pertain to work performed under a facilities contract. These vouchers are prepared and certified by the local representative of the sponsor command. The ROICC will certify public vouchers prepared by his own Navy auditor, or by a Navy cost inspector, on NAVFACENGCOM contracts only.

8. CONTRACT MODIFICATIONS. Approval by the OICC and/or ROICC and the prime contractor is required on all contract modifications.

9. FINAL RELEASE. Final release for civil works construction subcontracts is required. This release may be executed on NAVFAC 4330/7, "Contractor's Release," or any other form acceptable to the OICC. The release should state the total subcontract price, the amount previously paid and the amount of the final voucher. For further details on preparations of a final release, see NAVFAC P-68 Subpart 32.103-100.

10. CORRESPONDENCE PROCEDURES. All correspondence should pass between the local representative of the sponsor command and the OICC/ROICC. Any correspondence directed to the sponsor command headquarters should be sent via NAVFACENGCOM Code 11.

11. LABOR RELATIONS. NAVFACENGCOM Code 112C must be informed of strikes or other labor difficulties on civil works subcontracts. The OICC/ROICC shall not intercede or attempt to arbitrate labor problems. Compliance with applicable labor laws is required, as is certified payrolls and anti-kickback affidavits.

12. PROGRESS PHOTOGRAPHS. Taking, submitting, using and distributing photographs of construction on civil works projects must comply with NAVFACENGCOM policy guidance.

13. PROGRESS REPORT. Monthly progress, including important dates and contract actions will be reported using the NAVFACENGCOM Command Management System (CMS), the automated data system for design and construction contract status information.

14. COMPLETING CIVIL WORKS SUBCONTRACTS. Completion of contract work may be delayed by minor items of construction, or delivery and installation of equipment or tools without interrupting production schedules. After consultation with the OICC, arrangements may be made for remaining work to be performed by the p-rime contractor or by the sponsor command. Written requests for approval, identifying all items to be completed, shall be forwarded to NAVFACENGCOM via the contracting officer of the sponsor command.

15. RECORD DRAWINGS. Record as-built drawings shall be prepared for facility improvements made under civil works construction subcontracts. For NAVFACENGCOM contracts, a complete set of 105mm film reproductions of the record drawings and subsequent revisions shall be filed in the office of the cognizant EFD/EFA. Whether facilities are acquired by NAVFACENGCOM contract or civil works subcontract, the original record drawings shall be retained at the plant and kept current to properly reflect the existing real property.

16. TRANSFER OF CUSTODY. The transfer of custody of the facilities should be accomplished as soon as practicable after completion. This may be accomplished by correspondence between the OICC and the contracting officer of the sponsor command. Use of the facilities prior to acceptance and/or transfer of custody must comply with contract provisions.

17. INSPECTION AND MAINTENANCE. Inspection and maintenance of the civil works portion of a facility becomes the responsibility of the sponsor command when the facility is complete and occupied by that command, or when custody has been transferred. Periodic type "C" Annual Inspection Summaries are the responsibility of the sponsor command. Such inspections shall be scheduled and performed by the prime contractor with verification and reporting by the EFDs/EFAs for all leasehold and GO-CO plants in accordance with NAVFAC MO-322, Volume I, Inspection of Shore Facilities.

18. FEDERAL, STATE AND LOCAL TAXES. Payment of federal, state and local taxes is the responsibility of the prime contractor and the sponsor command.

Section 5. UTILITY CONTRACTS

1. POLICY. All subcontracts for utility services shall provide an adequate supply of service to satisfy the requirements of the plant, consistent with its production mission, and shall contain rates not in excess of the lowest available rate for similar conditions of service.

2. APPROVAL BY NAVFACENGCOM. All subcontracts to be entered into by the prime contractor with suppliers of utility services, when the cost of these services will be reimbursed by the Navy, shall contain the following: "This subcontract shall not be entered into or become effective without the prior approval of the Commander, NAVFACENGCOM, or his authorized representative." The sponsor command will include in the prime contract or other related documents the requirement that all subcontracts for utility services to be reimbursed by the government shall be submitted to NAVFACENGCOM Code 11 for approval prior to execution.

3. REFUNDABLE CONNECTION CHARGES. The public utility industry generally classifies refundable connection charges as "customer advances." The principles set forth in NAVFAC P-68, Part 41 shall control the payment of refundable connection charges.

4. NONREFUNDABLE CONNECTION CHARGES. The public utility industry usually refers to nonrefundable connection charges as "contribution-in-aid of construction." Public utilities do not ordinarily deal with connection charges on a nonrefundable basis. An exception may be found where the charge is computed in accordance with a company's published rates and rules, which are subject to the jurisdiction of a local, state or federal agency, or the company operates without profit and finances plant expansions from taxes or sources other than revenue. When, during preliminary negotiations, the prime contractor requests reimbursement of nonrefundable connection charges, the matter should be referred to NAVFACENGCOM for guidance.

5. ADVANCE PAYMENTS. A request for an "advance payment" is a request for payment to be made for a connection or any other utility service before the company provides the connection or service. Advance payments require prior approval and shall be submitted to NAVFACENGCOM Code 11.

APPENDIX A

NAVY INDUSTRIAL FACILITIES

SPONSOR COMMAND - NAVSEA

PLANT OPERATOR	LOCATION	LAND AREA (acres)	BUILDING(s) AREA (SF)	YEAR CONST.	PRODUCTION CATEGORY
United Defense L.P. Armament Systems Divn. Ordnance	4800 E. River Rd. Minneapolis, MN 55421-1498	80.352	1,720,686	1940	
Hercules Inc. Aerospace Products Group	P.O. Box 210 Rocket Center WV 26726	1,954.45	671,161	---	Rocket Motors
Martin Marietta co. Defense Systems	100 Plastics Pittsfield, MA 01201	30.29	814,576	1941	Ordnance
BP Chemical (HITCO) Advanced Materials	Terminal Island Long Beach, CA	4.1	22,400	---	Bow Domes

SPONSOR COMMAND - NAVAIR

Northrop Grumman	Bethpage, NY	120.0	1,883,000	
Kaman	Bloomfield CT	85.0	156,000	
Northrop Grumman	Calverton, NY	6,048.0	857,000	
Vought	Dallas, TX	315.0	7,000,000	
Hercules	McGregor, TX	9,754.0	770,000	
McDonnell Douglas	St. Louis MO	45.0	739,000	
Teledyne Ryan	Toledo, OH	30.0	383,000	

		COPIES
FKN1	COMLANTNAVFACENGCOM	5
	CO NORTHNAVFACENGCOM	5
	CO SOUTHNAVFACENGCOM	5
	CO SOUTHWESTNAVFACENGCOM	5
FKN13	EFA CHESAPEAKE	2
	EFA NORTHWEST	2
	EFA MIDWEST	5
	EFA WEST	5
COMNAVFACENGCOM		10